



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 3/31/2004

GAIN Report Number: KS4014

Korea, Republic of

Agricultural Situation

MMA Quota Increase

2004

Approved by:

Grant A. Pettrie
U.S. Embassy

Prepared by:

Stanley S. Phillips / Sunyoung Choi

Report Highlights:

On March 29, 2004, the Ministry of Finance and Economy (MOFE) announced revised CY 2004 Minimum Market Access (MMA) quota amounts for 14 commodities including potatoes, sesame seed, soybean, etc. The announcement noted MMA quota revisions are intended to reduce imbalances in supply and demand and support the local processing industry. This revision is effective as March 29 and will remain in place through out the remainder of CY 2004. This report also provides an overview of how the Korean government determines any changes made to the current MMA quota.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Seoul [KS1]
[KS]

Overview of how to go about requesting lower tariffs for an agricultural product being imported by Korea:

LAW: Article 71, of the Korean Customs Act, defines tariff rate quotas (TRQ) and identifies the circumstances in which they are applicable. Under Article 71, TRQ's may be used to reduce tariff rates within a specified quota volume. In-quota tariff rates may be reduced to 40 percent of the basic tariff rate when it is necessary to: (a) facilitate the import of specific goods to ensure smooth supply and demand, or to bolster industrial competitiveness, (b) stabilize the domestic price of goods and other goods manufactured using the imported good whose import price rises sharply as a result of existing tariffs, and (c) to correct widely unbalanced tariff rates among similar goods.

POLICY: If there is no domestic production of the imported good the likelihood of a positive response to the requested tariff quota will be higher.

PARTNERS: The domestic industry must petition for the tariff quota. Local end users (food manufacturers) or importers should submit an application for assessment of a tariff quota to the Korean government. The end users may want to work through the Korea Food Industry Association (KFIA). In 1999, KFIA succeeded in getting an 8 percent tariff quota created for almonds. There is no standard form for the application. The application should address the criteria (referred to above) in Article 71.

TIMEFRAME: Theoretically, an application submitted at anytime during the year could result in lower tariffs during the same year. However, in practice, it is unlikely that a request submitted at any point in a year would result in lower tariffs later in the same year unless there was an emergency need to import a product to control surging market prices. Generally, applications are submitted in the last quarter of the year for changes in next year's tariff schedule.

PROCEDURE: The Ministry of Finance & Economy (MOFE) will send a letter out to relevant Ministries in September of each year. The letter will ask the relevant Ministries to collect requests from the respective industries that each Ministry overlooks for any tariff rate quotas. Such notifications of comment gathering are usually put up on the respective Ministry's website but not on MOFE's website. Therefore, the local industry should begin to check with the Ministry that overlooks their industry to see if the comment gathering process has begun and submit their application by the specified deadlines. In the case of food ingredients, the Ministry of Health and Welfare (which oversees the Korean Food and Drug Administration) would likely be the relevant Ministry. After receiving the applications, Ministries review each case and forward their recommendations for accepting or rejecting the applications to MOFE. MOFE coordinates an interagency review of the requests. After receiving feedback from the interagency review, MOFE makes the final determination (usually in accordance with the recommending Ministry's wishes) and includes any resulting TRQ's in the tariff schedule for the next year which is generally released in late December.

As a result of the above process, the Korean government recently made revisions to the revised CY 2004 MMA quota as follows:

Commodities Subject to MMA Quota Increase on March 29, 2004

Unit: MT

HS Code	Commodity	MMA for CY 2004		
		Current (A)	Increase (B)	Total (A+B)
0701.90.0000	Potatoes (excluding for seed)	18,810 MT	7,300 MT	26,110 MT
0713.31.1000	Mung bean (for seed only)	14,694 MT	5,006 MT	19,700 MT
0713.31.9000	Other mung bean (excluding for seed)			
0713.32.1000	Red beans (for seed only)			
0713.32.9000	Other red beans (excluding for seed)			
1005.10.0000	Maize (for seed only)	247 MT	103 MT	350 MT
0712.90.2091	Of sweet corn (for seed only)	6,102,100 MT 1/	4,297,704 MT 1/	10,399,304 MT 1/
1005.90.1000	Maize (for feeding only)			
1005.90.2000	Maize (for popcorn only)			
1005.90.9000	Other Maize (excluding for seed or feed and popcorn)			
1103.13.0000	Cereal groats, meal and pellets of corn			
1104.23.0000	Other processed corn (hulled, pearled, sliced or kibbled)			
1108.12.0000	Corn starch			
0712.90.2092	Of sweet corn (excluding for seed)			
1105.10.0000	Flour, meal and powder of potato	10 MT	50 MT	60 MT
1105.20.0000	Flakes, granules and pellets of potato	227.4 MT	1,372.6 MT	1,600 MT
1108.11.0000	Wheat starch			
1108.19.9000	Other starches (excluding for wheat, corn, potato, manioc and sweet potato)			
1108.20.0000	Inulin			
1108.13.0000	Potato starch			
3505.10.3000	Roasted starch			
3505.10.4000	Pre-gelatinised or swelling starch			
3505.10.5000	Etherified or esterified starches			
3505.10.9000	Other modified starches (soluble starch, roasted, pre-gelatinised or swelling, etherified or esterified starches.	45,692 MT	56,748 MT	102,440 MT
3505.20.1000	Starch glues	2,400 MT	6,800 MT	9,200 MT
3505.20.2000	Dextrin glues			
3505.20.9000	Other glues (excluding starch glues and dextrin glues)			
1108.14.0000	Manioc starch			
1108.19.1000	Sweet potato starch	4,376 MT	19,224 MT	23,600 MT
1201.00.9000	Soybean (whether or not	185,787	109,213	295,000

	broken, excluding for soy bean oil and oil cake)	MT	MT	MT
1207.40.0000	Sesame seed	6,731 MT	87,269 MT	94,000 MT
1214.90.1000	Fodder roots	32,133.3 MT	667,866.7 MT	700,000 MT
1214.90.9090	Other fodder roots			
2308.00.9000	Other vegetable materials and vegetable waste, vegetable residues and by-products for feed			
1702.11.1000	Lactose	9,400 MT	10,600 MT	20,000 MT
1702.19.1000	Other Lactose			
2309.90.2010	Supplementary feeds, chiefly on the basis of inorganic substances or minerals (excluding chiefly on the basis of micro-minerals)	4,171.4 MT	20,828.6 MT	25,000 MT
2309.90.2020	Supplementary feeds (chiefly on the basis of flavorings)			
2309.90.2099	Other supplementary feeds			
2309.90.9000	Other preparations of a kind used in animal feeding (excluding feed for dog or cat, mixed feeds and supplementary feeds or feed additives)			

1/ On the basis of corn for feed

Source: Ministry of Finance and Economy (MOFE)